



Cornell University
New York State Agricultural Experiment Station

United States Small Business Administration

Fact Sheets for the
Small Scale Food Entrepreneur

Published by:

*The Northeast Center for Food Entrepreneurship at the New York State Food Venture Center, Cornell University,
<http://www.nysaes.cornell.edu/necfe/>*

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United States Small Business Administration

The U.S. Small Business Administration has many programs to fit the variety of needs of start-up and expanding businesses.

General Requirements for Securing a SBA Loan

- 1. Good personal credit history is important but not essential; blemishes may make it more difficult to qualify.*
- 2. File personal and business tax returns. The SBA will not approve loans for individuals with unpaid taxes.*
- 3. Collateral (lack of collateral does not mean that you cannot secure a business loan.)*
- 4. You must be willing to personally guarantee 20% of the business loan.*
- 5. You must have a business plan that includes financial statements, projected income and expenditures.*
- 6. You will be required to invest anywhere from 10-30% of your own personal money into the business.*
- 7. Business experience or entrepreneurial business training*

Loan Programs

The Small Business Loan Pre-qualification Program

This program was developed to help all small business and to assist “new markets” in particular with the small business loan-application process. *New markets* are those segments of the small business community that traditionally may have been under-served by the lending community. Designed especially for armed forces veterans, borrowers in specially designated geographic areas, exporters minorities, rural businesses, selected industries and women, this program helps you prepare your loan pre-qualification application which upon approval provides you with an SBA-guaranty commitment letter. This letter speeds lender consideration of your loan and allows for a maximum SBA guaranty of 85 percent for loans up to \$150,000, and 75 percent for loans above \$50,000.

Interest rates may be negotiated between borrower and the lender; the rates are tied to the prime rate, and can be either fixed or variable but may not exceed SBA maximums.

Collateral: to secure the loan, the borrower must pledge available assets; however loans are not declined when inadequate collateral is the only unfavorable factor. Personal guaranties of the principals are required.

Eligibility: a business is generally eligible for this program if the purpose of the loan is to start or expand a business; an existing business has average annual sales for the preceding three years not exceeding \$5 million and employs no more than 100 people, including affiliates; the business and the owners have good credit; and the business owners are of good character.

7(A) Loan Guaranty Program

The 7(a) Loan Guaranty Program provides loans to small businesses unable to secure financing on reasonable terms through normal lending channels.

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SBA LowDoc Loan Program

The New SBA LowDoc further streamlines the business loan process, increases the maximum loan amount to \$150,000, and calls for a response from the SBA within 36 hours of receiving a complete application.

SBA Express

Maximum \$150,000 loan, response time is 36 hours but this program allows the lenders to use their own forms and processes to approve loans guaranteed by the SBA.

Certified Development Company (504) Loan Program

This program provides growing businesses with long-term, fixed-rate financing for major fixed assets such as land and buildings. The maximum SBA debenture is generally \$1,000,000. The program is designed to enable small businesses to create and retain jobs; the CDC's portfolio must create or retain one job for every \$35,000 provided by the SBA.

International Trade Loans

For businesses preparing to engage in or are currently engaging in international trade, or are adversely affected by competition from imports.

The Export Working Capital (EWCP) Program provides short-term working capital to exporters. A letter of pre-qualification is also available.

Microloan Program

The MicroLoan Program makes funds available to nonprofit intermediaries, who in turn make loans to eligible borrowers in amounts that range from under \$100 to a maximum of \$35,000. Completed applications can usually be processed by the intermediary.

SBA Affiliates

Inquire at your local SBA office for the program location nearest you.

BICs - Business Information Centers provide business counselors, business reference material and computer software to help you with all aspects of starting or expanding a business.

TBICs - Tribal Business Information Centers provide free, on-site use of an extensive reference library of computer software, business and industry publications, current management video tapes, free and confidential business counseling, and free and low-cost training.

OSCSs - One Stop Capital Shop is a partnership between SBA and a local community designed to offer small business assistance from an easy to access, retail site, all under one roof. Located in a distressed area, and generally targeting under-served communities, or SBA's new markets.

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SCORE - Free counseling, advice, and information on starting a business through the **Service**

Corps of Retired Executives

SBDCs - Free consulting services through the network of **Small Business Development Centers**. SBDCs also conduct training events throughout the district - some require a nominal registration fee.

USEACs - U.S. Export Assistance Centers

WBCs - Women's Business Center's goal is to provide the information and expertise necessary to plan for economic independence through business ownership.

MED-Minority Business Development Through its business development program known as the 8(a) Business Development Program, the SBA assists small businesses owned and controlled by socially and economically disadvantaged individuals.

For more information and the office SBA office nearest to you, look under "U.S. Government" in your telephone directory, or contact:

SBA Answer Desk: 1-800-U-ASK-SBA

Fax: 202-205-7064

TDD: 704-344-6640

Your rights to regulatory fairness: 1-800-REG-FAIR

Internet Home page: <http://www.sba.gov>

U.S. Business Advisor: <http://www.business.gov>

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US Small Business Administration Northeast District Offices

Connecticut

Connecticut District Office
330 Main Street, 2nd Floor
Hartford, CT 06106
(860) 240-4700 Phone
(860) 240-4659 Fax

Massachusetts

Massachusetts District Office
10 Causeway Street, Room 265
Boston, MA 02222-1093
(617)565-5590 Phone
(617)565-5598 Fax

New Hampshire

New Hampshire District Office
JC Cleveland Federal Building
55 Pleasant St. Suite 3101
Concord, NH 03301
(603)225-1400 Phone
(603)225-1409 Fax

Maine

Maine District Office
Edmund S. Muskie Federal
Building, Rm 512
68 Seawall Street
Augusta, Maine 04330
(207) 622-8274 Phone
(207) 622-8277 Fax

Vermont

Vermont District Office
87 State Street, Room 205, PO
Box 605
Montpelier, Vermont 05601
(802) 828-4422 Phone
(802) 828-4485 Fax

Rhode Island

Rhode Island District Office
380 Westminister Mall, Room 511
Providence, RI 02903
(401)528-4561 Phone
(401)528-4539 Fax

New York

New York District Office
26 Federal Plaza, Suite 3100
New York, NY 10278
(212) 264-4354

Syracuse District Office
401 S. Salina Street 5th Floor
Syracuse, New York 13202
(315) 471-9393 Phone
(315) 471-9288 Fax

Buffalo District Office
111 West Huron Street, Suite 1311
Buffalo, New York 14202
(716) 551-4301 Phone
(716) 551-4418 Fax

New Jersey

Headquarters
Rutgers Business School
49 Bleeker Street
Newark, New Jersey 07102
(973) 353-1927
Request for counseling
800/432-1565
<http://www.njsbdc.com/home/>

Pennsylvania

Pennsylvania Small Business
Development Centers
University of Pennsylvania
The Wharton School
Vance Hall, 4th Floor
3733 Spruce Street
Philadelphia, PA 19104-6374
phone: (215) 898-1219

Michigan

MI-SBTDC State Headquarters:
Grand Valley State University
Seidman College of Business
510 W. Fulton Street
Grand Rapids, MI 49504
Phone: (616) 331-7480
Fax: (616) 331-7485

Ohio

Small Business Development
Centers of Ohio
(614) 466-2711 or
(800) 848-1300,
sbdc@odod.state.oh.us.

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